



Land Use Incentive Policy

As Amended 8/26/14

Authority and Purpose:

This policy is approved pursuant to N.C. Gen. Stat. § 158-7.1 and § 160A-456 and is intended to provide incentive grants (or appropriations) to encourage development projects that fulfill important public purposes in the City of Asheville. These public purposes include the following, which are also principal components of the City's annual strategic goals and other adopted plans: 1) the development of affordable and workforce housing; and/or 2) the encouragement of development which incorporates "green" building and furthers energy savings. This Policy will serve to, among other things, increase the City's population, taxable property and business prospects, per N.C. Gen. Stat. § 158-7.1, and encourage the development of housing for persons of low and moderate income, per N.C. Gen. Stat. § 160A-456.

Process and City Council Review:

The City Council will review applications which seek grants under this Policy according to the requirements and procedures set forth in N.C. Gen. Stat. § 158-7 and § 160A-456, and those which are set forth herein. The Council's decision as to whether to allow a Land Use Incentive Grant, and the amount of any Grant which is allowed, is completely within the discretion of the City Council. In no event is an applicant ever entitled to a grant under this Policy, but instead, the City Council has complete discretion to decide which projects best achieve the goals and objectives of this Policy.

The City Staff will evaluate Land Use Incentive Grant applications submitted pursuant to this Policy for compliance with, among other things, this Policy's requirements and goals, and the City's adopted Strategic Plan and any other applicable City plans. The Staff will also evaluate the number of potential points which a project could achieve under the Policy, and will then provide a report to the City Council, with a recommendation based upon the foregoing analysis.

The Housing and Community Development Committee ("HCD") of the City Council will review the staff assessment and make a recommendation to the full Council.

Following the HCD review, the City Council will hear the staff assessment report and the Applicant's request and set a public hearing. Following the public hearing, the Council will make a discretionary determination as to whether to award the requested Grant, and the amount of any Grant awarded, based on its overall evaluation of the submitted project, not just the number of points.

Section I – Requirements:

The following are requirements, which must be met in order for the City Council to consider a Land Use Incentive Grant application. Applications which do not meet these minimum requirements are not permitted to request a Grant or participate in this Policy.

- The proposed development must receive Energy Star Certification;
- There must be 20% equity participation by the party requesting the Land Use Incentive Grant;
- The proposed development must consist of two or more dwelling units; and
- The proposed development must be located inside the city limits and must be located within 1/4 mile of the following major highways: Patton Avenue, Hendersonville Road, Sweeten Creek Road, Tunnel Road, Haywood Road, Merrimon Avenue, New Leicester Highway, Brevard Road, Riverside Drive/Meadow Road, Schenck Parkway, and Long Shoals Road (from the intersection with Hendersonville Road to the intersection of Clayton Road).

Section II – Point System:

The following point system is a tool which is intended to guide the City Council in deciding whether to allow a Grant under this Policy and in addition, if a Grant is approved, to determine the actual amount of the Grant. Because the point system is only a guide, the City Council is authorized to allow more or less points on any particular factor, depending upon, among other things, the characteristics, and potential benefits and/or detriments of an individual project.

| <u>Public Benefit Element</u> | <u>Points</u> |
|-------------------------------|---------------|
| Green Building/ Energy | |
| Energy Star Certified | 5 |
| Leed Bronze or HB Silver | 10 |
| Leed Silver or HB Gold | 20 |
| Leed Gold or HB Platinum | 30 |
| Leed Platinum | 40 |

No funds can be granted until the designated certification is achieved.

Affordable Housing

Must agree to 10 year affordability criteria for rents at 80% of area medium income:

| | |
|-----------------|----|
| 10%+ affordable | 10 |
| 20%+ affordable | 20 |
| 30%+ affordable | 30 |
| 40%+ affordable | 40 |

There must be an annual report provided to the City demonstrating the continuing affordability of the designated dwellings for the 10 years of affordability.

Workforce Housing

Must agree to 10 year affordability criteria for rents at 120% of area medium income:

| | |
|----------------|----|
| 25%+ workforce | 5 |
| 50%+ workforce | 10 |
| 75%+ workforce | 15 |

There must be an annual report provided to the City demonstrating the continuing affordability of the designated dwellings for the 10 years of affordability.

Mixed Use and Transit Orientation

| | |
|--|---|
| Includes a minimum 20% non-residential | 5 |
| Within the Sustainability Bonus area | 5 |
| Brownfield Redevelopment | 5 |

| Public Benefit Element | 5 | 10 | 15 | 20 | 30 | 40 | 50 |
|---|---|----|----|----|----|----|----|
| Energy Star Certified | x | | | | | | |
| Leed Bronze/ Healthy Built Silver | | x | | | | | |
| Leed Silver/ Healthy Built Gold | | | | x | | | |
| Leed Gold/ Healthy Built Platinum | | | | | x | | |
| Leed Platinum | | | | | | x | |
| 10%+ Affordable | | x | | | | | |
| 20%+ Affordable | | | | x | | | |
| 30%+ Affordable | | | | | x | | |
| 40%+ Affordable | | | | | | x | |
| 25%+ Workforce | x | | | | | | |
| 50%+ Workforce | | x | | | | | |
| 75%+ Workforce | | | x | | | | |
| Mixed-Use (20% non-residential) | x | | | | | | |
| Located w. in Sustainability Bonus area | x | | | | | | |
| Brownfield Redevelopment | x | | | | | | |

Section III- Other Procedures, Considerations and Potential Amount of Land Use Incentive Grant

- Approval of a Land Use Incentive Grant under this Policy will require a public hearing and approval by the City Council, per N.C. Gen. Stat. § 158-7.1.
- Unless granted an exemption from the City Council, no Grant will be allowed under this Policy for projects which have received building permits.
- Every 10 points can earn one year of economic incentive (equivalent to City property taxes in excess of currently assessed taxes for one year annually applied, *to be dated from the date of release of all occupancy permits and certification of all green building/energy standards designated for the project*).
- Every 10 points can also earn a 10% reduction in the following fees and charges: Zoning Permit, Building Permit, Driveway Permit, Grading Permit, Plan review fees and Water service connection fee. *This reduction is in addition to the existing fees rebated for affordable housing projects.* Affordable housing projects eligible for the 50% fee waiver are not eligible for additional fee waivers for points garnered for housing affordability, although they can benefit from the "green" additional points;
- Any project receiving an incentive related to provision of affordable or workforce housing must provide an annual report to the City for the 10 years that the designated dwelling units must remain at that level of affordability. The report must demonstrate the continued affordability of the units, or the tax rebate incentive must be returned to the City.

For more information, contact:

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